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Message Text

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11
ORIGIN INR-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 SS-15 EB-07 COME-00

SP-02 AID-05 NSC-05 CIEP-01 TRSE-00 STR-04 OMB-01

CEA-01 AGR-05 XMB-02 /086 R

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APPROVED BY INR/REC:L. KENNON
INR/DDR - M. PACKMAN (IN DRAFT)
INR/RSE - I. JAFFEE (IN DRAFT)
C - W. SHINN (IN DRAFT)
EUR - R. EWING (IN DRAFT)
EUR/EE - R. CHRISTENSEN (IN DRAFT
EUR/SOV - W. EDGAR (IN DRAFT)
EB/IFD/OMA - B. CROWE (IN DRAFT)
EB/CBA/REP - B. BYRON (IN DRAFT)
EUR/RPE-GWOLFE DRAFT
EA/J-DSMITH SUBS
EUR/CAN-DBLAKEMORE SUBS
S/S:JPMOFFAT
---------- 126139
R 180109Z FEB 76
FM SECSTATE WASHDC
TO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY BERN
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMEMBASSY HELSINKI
AMEMBASSY OTTAWA
AMEMBASSY STOCKHOLM
AMEMBASSY VIENNA
AMEMBASSY TOKYO
USMISSION NATO
USMISSION GENEVA
INFO AMEMBASSY BERLIN
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AMEMBASSY BUCHAREST

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AMEMBASSY BUDAPEST
AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW

C O N F I D E N T I A L STATE 038308

E.O. 11652: GDS

TAGS: EEWT, EFIN, EINV, ETRAD, XG, XT

SUBJECT: FINANCING EASTERN EUROPE'S TRADE WITH THE WEST

1. DEPARTMENT APPRECIATES POSTS' REPORTING ON IMPLICATIONS OF EASTERN EUROPE'S (BULGARIA, CZECHOSLOVAKIA, EAST GERMANY, HUNGARY, POLAND, AND ROMANIA) DEBT POSITION FOR FUTURE TRADE WITH THE WEST. THIS IS SUBJECT OF IMMEDIATE CONCERN TO US. PRELIMINARY ESTIMATES INDICATE THAT EAST EUROPEAN HARD CURRENCY TRADE DEFICIT WITH DEVELOPED WEST WAS $5 BILLION IN 1974 AND $7 BILLION AT YEAR END 1975. EE HARD CURRENCY INDEBTEDNESS ROSE 50 PERCENT TO ROUGHLY $20 BILLION DURING SAME PERIOD. BULK OF RECENT DEFICITS FOR EE HAS BEEN FINANCED BY EUROCURRENCY BORROWING AND CREDITS BACKED BY WESTERN GOVERNMENTS.

2. WE REQUIRE WHATEVER INFORMATION ADDRESSEES MAY BE ABLE TO PROVIDE ON THE FOLLOWING SUBJECTS:

I. INDICATIONS THAT EAST EUROPEAN COUNTRIES ARE EXPERIENCING DIFFICULTIES IN MEETING DEBT OBLIGATIONS, PARTICULARLY:

--ANY REQUESTS FOR RESCHEDULING;

--EVIDENCE OF CREDIT-RELATED SLOWDOWNS IN IMPORTS FROM THE WEST BY EAST EUROPEAN COUNTRIES.

II. EVALUATION OF THE CREDIT-WORTHINESS OF EAST EUROPEAN COUNTRIES BY WESTERN LENDERS AND THE WILLINGNESS OF THESE CONFIDENTIAL

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LENDERS TO EXTEND NEW CREDITS.

III. INFORMATION ON UNREPORTED SOURCES OF FINANCING TO EASTERN EUROPE, ESPECIALLY:

--BANK AND NON-BANK CREDITS FROM AUSTRIA AND SWITZERLAND;

--MIDDLE EAST LOANS AND DEPOSITS, THE INSTITUTIONS THROUGH

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WHICH THEY ARE CHANNELED, AND THEIR CREDIT TERMS.

IV. NEGOTIATIONS FOR AND EXTENSIONS OF NEW HARD CURRENCY CREDITS TO EAST EUROPEAN COUNTRIES, AND SCHEDULED PAYMENTS ON PRINCIPAL AND INTEREST ON CREDITS ALREADY DRAWN.

3. DEPARTMENT WOULD APPRECIATE RECEIVING WHATEVER INFORMATION IS READILY AVAILABLE BY MARCH 12. INGERSOLL

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Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
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TAGS: EEWT, EFIN, EINV, ETRD, XG, XT
To: BONN MULTIPLE
Type: TE
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